

# **Show Me PROGRESS**

**Missouri Department of Transportation**

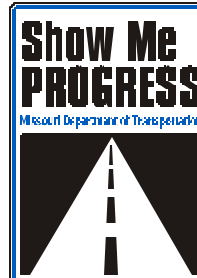


Update on 2000 - 2001 Projects

*June 28, 2000*

*"Existing funding doesn't even come close to addressing all the needs of Missouri's roads and bridges. Bond financing will help us in the short term, but this money will have to be paid back with interest. Additional resources are needed in the future to improve more roads and bridges."*

Henry Hungerbeeler  
MoDOT Director



The state Legislature and governor recently authorized the Missouri Department of Transportation to use bond financing to accelerate highway and bridge improvement. In compliance with this legislation the Missouri Highways and Transportation Commission can issue bonds for up to \$2.25 billion to finance highway construction. The first \$250 million in bond financing will be used to accelerate projects this year.

The bond funding allows MoDOT to use money for projects now and pay it back as a loan over time. This type of financing is an excellent way to speed up some needed improvements in Missouri's transportation system.

Many of Missouri's roads and bridges are in need of repair. There are about 10,000 bridges on the state highway system and nearly one-third of them need improvement or replacement. In addition, Missouri's interstate highway system is more than 40 years old.

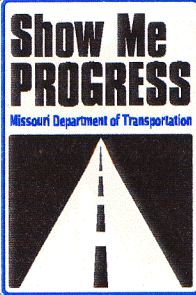
Missouri has the seventh-largest state highway system in the nation.

Missouri ranks 45th in the nation in revenue invested per mile.

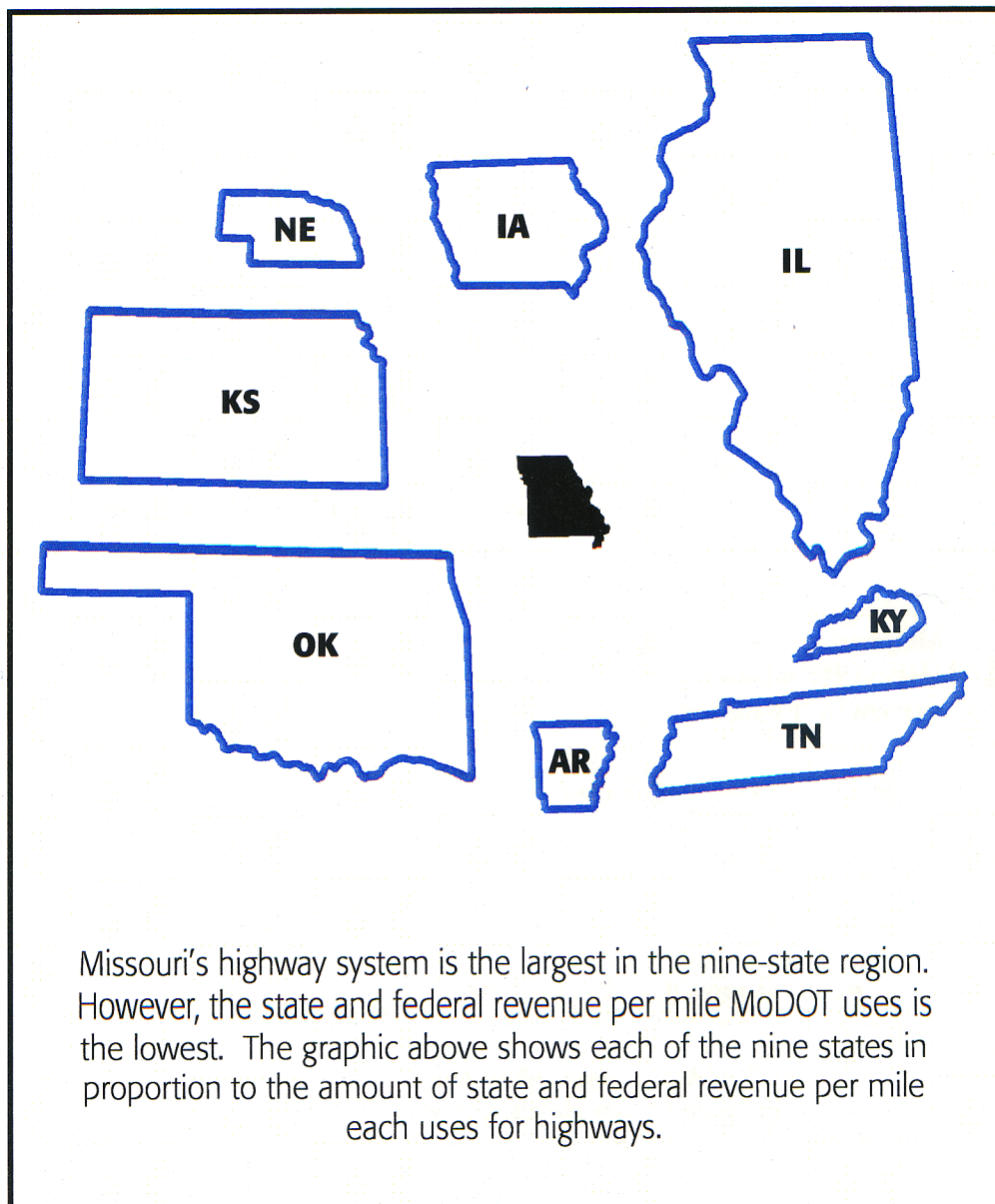
Travel in Missouri has increased eight times faster than the population growth in the past 20 years.

Missouri's fuel tax is lower than those of most other Midwestern states, yet MoDOT relies more on fuel tax than most states do.

The graphic on the next page compares highway funding in Missouri with funding in eight surrounding states. Missouri has the largest number of state highway miles, but MoDOT's current funding level leaves Missouri with the lowest per-mile highway investment of the nine-state region. And, Missouri's fuel tax is lower than that of most other Midwestern states.

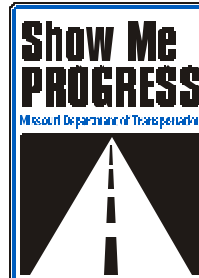


## How does Missouri's highway revenue compare with revenue in surrounding states?



Missouri's highway system is the largest in the nine-state region. However, the state and federal revenue per mile MoDOT uses is the lowest. The graphic above shows each of the nine states in proportion to the amount of state and federal revenue per mile each uses for highways.

Source pages 4 and 5: Federal Highway Administration, Highway Statistics 1998  
Bond and fuel tax information gathered in a MoDOT survey on 6/5/00



Illinois has **16,424** state highway miles and a **19-cent**-per-gallon gasoline tax. The state uses **\$162,354** per mile in state and federal revenue. A portion of that revenue comes from toll roads and bonds.

Oklahoma has **12,275** miles of state highways and a **17-cent**-per-gallon gasoline tax. The state uses **\$113,878** per mile in state and federal revenue, some of which is collected from toll roads.

Kansas has **10,385** miles of state highway and collects **18 cents** per gallon in gasoline taxes. It uses **\$98,016** per mile in state and federal revenue. A portion of that funding comes from toll roads and bonds.

Tennessee has **13,760** state highway miles and a **20-cent**-per-gallon gasoline tax. The state uses **\$87,433** per mile in state and federal revenue. Tennessee collects some of its revenue through toll roads and a special sales tax on fuel that is received by the department of transportation.

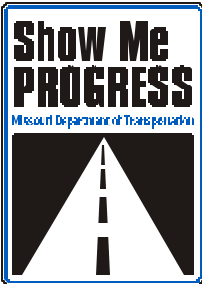
Iowa has only **9,680** miles of state highways and collects **20 cents** per gallon in gasoline tax. Iowa uses **\$72,041** per mile in state and federal revenue.

Kentucky has **27,443** miles in its state highway system and the lowest gasoline tax of the nine states at **16.4 cents** per gallon. It uses **\$42,180** per mile in state and federal revenue.

Nebraska has **9,978** state highway miles and the highest gas tax of the nine states at **24.6 cents** per gallon. Nebraska uses **\$40,509** per mile in state and federal revenue.

Arkansas has **16,322** miles of state highways and a gasoline tax of **18.6 cents** per gallon. It uses **\$38,475** per mile in state and federal revenue for transportation. A portion of this revenue comes from bonds.

Missouri has the largest highway system of the nine states with **32,401** state highway miles, and one of the lowest taxes: **17 cents** per gallon. Missouri invests the smallest amount of state and federal revenue: **\$34,719** per mile.



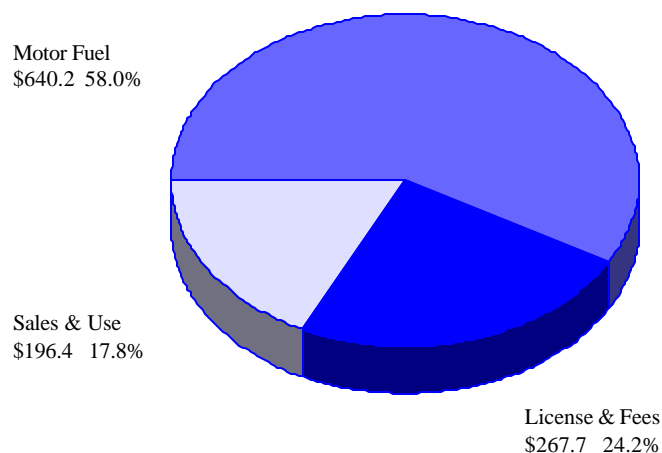
## Why do highways in surrounding states receive more funding than MoDOT?

Six of the eight surrounding states have higher fuel taxes on every gallon of fuel that is sold. Some states have issued bonds, some have toll roads operated by the department of transportation, and Tennessee has a special fuel sales tax that helps the state department of transportation.

## How does MoDOT get its current state funding, and where does the money go?

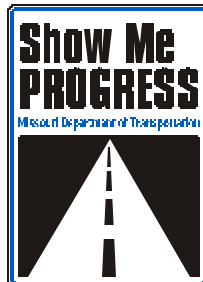
MoDOT's funding is collected from a motor fuel tax, a sales and use tax and from licenses and fees as shown in the chart below. However, not all of this money is available to MoDOT. Much of it is redistributed to counties, cities, other state agencies and Hancock refunds as shown in the chart on page 7.

**Missouri Department of Transportation  
Total State User Fees Collected\*  
For Roads and Bridges  
(Millions of dollars)**

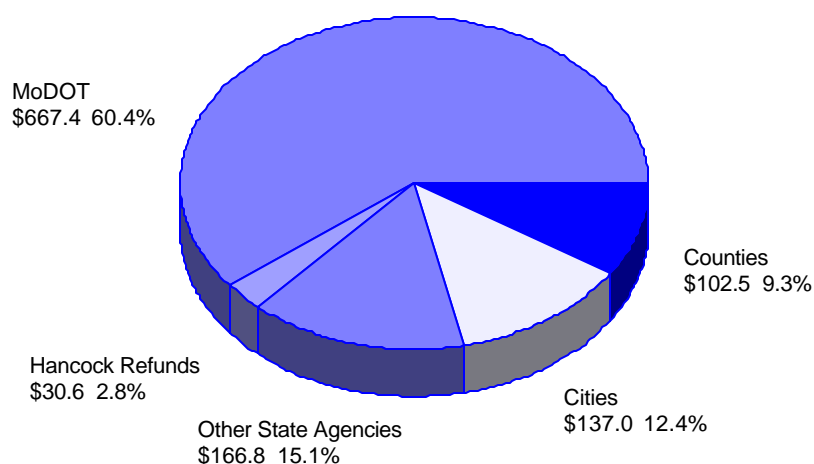


\*Net of Motor Fuel Tax  
Refunds (\$42.3 Million)

**FY 99 Total \$1,104,300,000**



**Missouri Department of Transportation  
Total State User Fees Distributed\*  
For Roads and Bridges  
(Millions of dollars)**



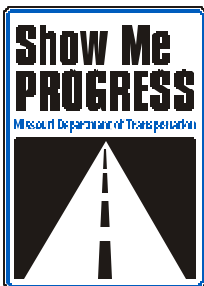
\*Net of Motor Fuel Tax  
Refunds (\$42.3 Million)

**FY 99 Total \$1,104,300,000**

MoDOT receives only about 60 percent of the user fees collected for roads and bridges. Approximately 9 percent goes to counties, 12 percent to cities, 2.8 percent to Hancock refunds and 15 percent to other state agencies.

**How will bond financing improve highway and bridge funding?**

The funding that comes through bond financing will accelerate the availability of funds MoDOT can use to improve Missouri's highways and bridges sooner. It gives MoDOT the opportunity to build projects now that otherwise may have not been started for several years. Building them now will allow MoDOT to avoid the inflationary costs of building them years from now.



## How will bond financing work?

The new law has given the Missouri Highways and Transportation Commission the authority to issue \$2.25 billion in bonds for financing highway construction from now through 2006. The commission will issue the first \$250 million of those bonds this year. The remaining \$2 billion can be issued later only with concurrence by the Legislature on the plan for using the funds.

## Which projects will be financed with bonds this year?

Revenue from bonds will be combined with other MoDOT revenue to accomplish more than \$1 billion in highway and bridge improvements this year. Between July 1, 2000 and June 30, 2001, bond financing will accelerate approximately \$250 million worth of projects.

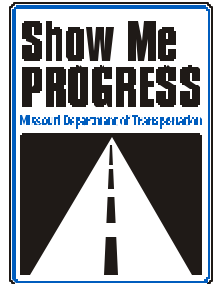
The Missouri Highways and Transportation Commission selected projects June 28 to be accelerated with the first \$250 million in bonds. The projects are those that are capable of being started earlier because preconstruction details are complete or nearly complete.

## When will MoDOT issue bonds?

With the accelerated projects identified, the next step is for the department to determine cash-flow needs in order to schedule the timing of the bond sale. For example, a project on which bids are received in August 2000 may not be started until October and MoDOT may not receive invoices until the first of January. Therefore, MoDOT wouldn't need the money to pay for that project until January. Current plans are for MoDOT to be ready to issue bonds in the fall of 2000.

Revenue from bonds will be combined with other MoDOT revenue to accomplish more than \$1 billion in highway and bridge improvements this year.





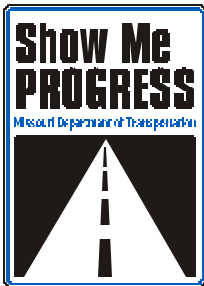
What criteria were used to select the first set of projects to be accelerated?

The law requires that the first \$250 million in bonds be used for projects already included in MoDOT's 5-Year Program. The Commission selected projects that were capable of being started earlier than originally scheduled because preconstruction details are complete or nearly complete. Primary factors in considering projects for acceleration were whether design work was complete, environmental permits had been obtained, and right of way had been purchased.

What about the other \$2 billion in bonds the Legislature approved? When will MoDOT use that authority?

The law limits bond financing to a maximum of \$500 million in any one year between 2001 and 2006. MoDOT, as required by the law, will report to the Legislature in January on its proposal for issuing more bonds for highway and bridge improvements.

The Legislature will review the list of projects that would be built with those bonds. Legislators can reject the list in its entirety but cannot add or delete individual projects. If the Legislature does not reject the list, MoDOT will be able to proceed with its plans for the next bond issue. More details will be available in January.



## What are the various sources of income for MoDOT?

The major state income sources are taxes on gasoline and other fuel, and a portion of the fees for motor vehicle licenses, truck regulation fees, motor vehicle inspection fees, drivers license fees, and the motor vehicle sales and use taxes. After some of the revenue is allocated to counties and cities, these taxes and fees brought in a total of \$904 million to MoDOT in 1999.

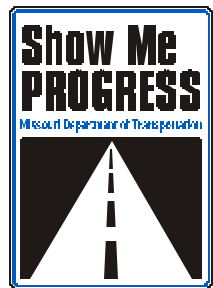
Federal funding, which comes from a federal fuel tax, totaled \$440 million for MoDOT in 1999.

MoDOT's total 1999 income from state and federal sources was about \$1,350,000,000. While that is a large number, Missouri ranks near the bottom nationally -- 45<sup>th</sup> -- in the amount of spending per mile for state highways. The graph on page 11 shows how Missouri's per-mile spending compares with spending by other states.

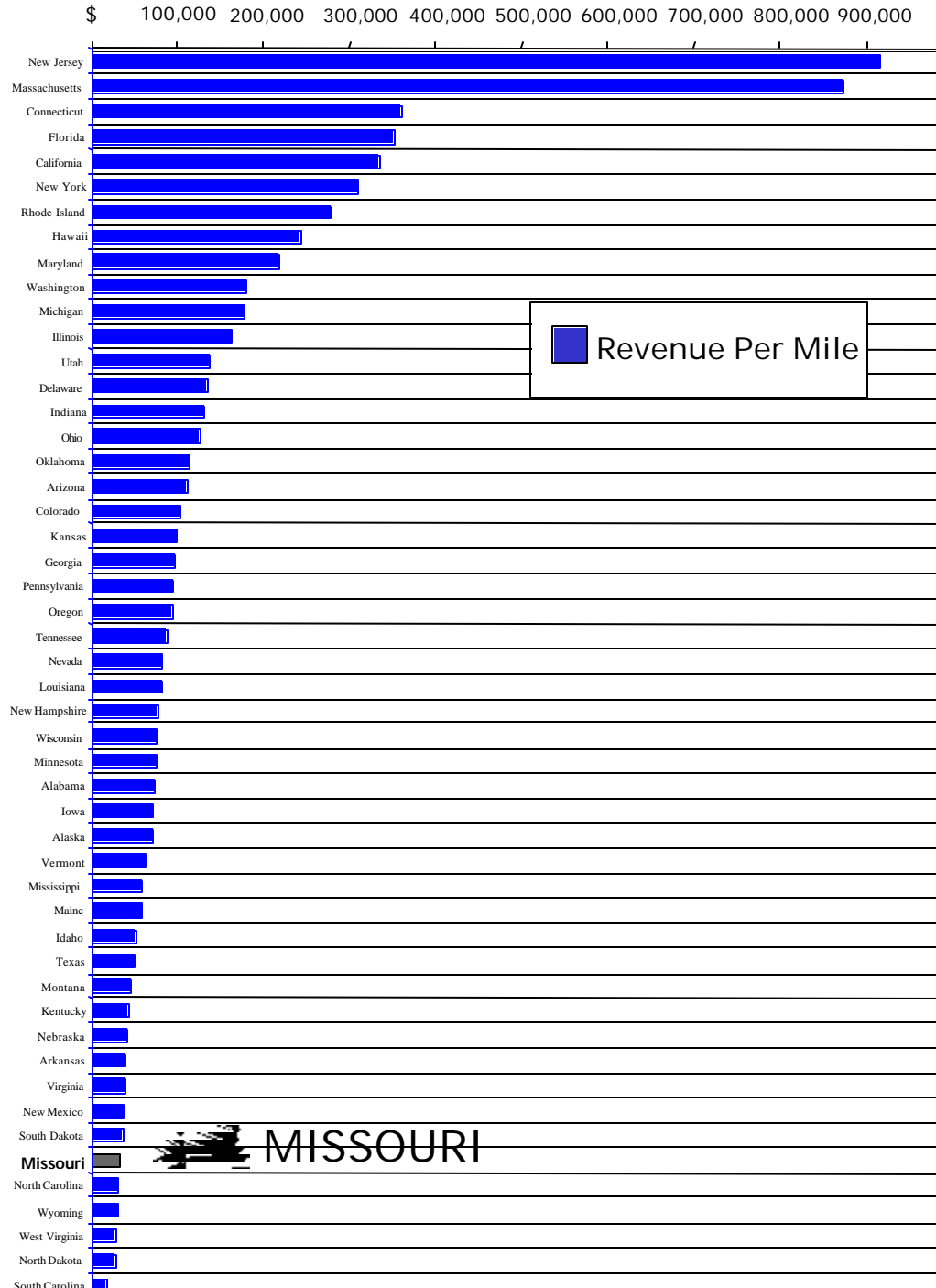
## What does MoDOT plan to do to increase resources for highways?

MoDOT is completing work on a Long-Range Transportation Plan. The plan, developed with the participation of Missourians from all parts of the state, will describe transportation needs for the next 20 years. A draft of the plan will be issued in July for public comment. After the public has reviewed and commented on the plan, a final version will be submitted to the Highways and Transportation Commission this fall.

If the commission approves, the plan will be used by MoDOT as a process to define and prioritize projects for all types of transportation. As those projects are planned, MoDOT will work with state leaders and the public to determine how best to finance the improvements. MoDOT is required by law to report to the Legislature in January on total transportation needs and revenue to meet those needs. The Legislature and the public will decide what, if any, additional funding will be provided.



# Missouri Highway Investment Low



Source: Federal Highway Administration, Highway Statistics 1998

## Key Bond Financing Facts

The law requires that the first \$250 million of the total \$2.25 billion in bond financing be used to accelerate projects in the 5-Year Program.

The Missouri Highways and Transportation Commission selected projects that were best suited for a faster start as a result of \$250 million in bond financing that can be issued right now.

Generally speaking, projects accelerated with the first \$250 million in bond financing were those capable of being started earlier than scheduled because pre-construction details were complete or almost completed.

Primary factors in considering projects for acceleration were whether design work was complete, environmental permits had been obtained, and right of way had been purchased.

Because bond money must be paid back it is not a solution to funding shortfalls totaling billions of dollars.

MoDOT expects to issue bonds this fall, but work on the projects will begin immediately.

MoDOT has almost finished reevaluating Missouri's total transportation needs and will formally report to the Legislature next January.

The total transportation report will include a comparison of what can be done with existing resources and further improvements that could be accomplished with increased revenue.



Missouri Department of Transportation

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